

ALIVE COMMUNITY NETWORK

[UEN. T02SS0190K]

[Registered under the Societies Act (Chapter 311)
in the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

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Fiducia LLP

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STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee,

- a) the financial statements of Alive Community Network (the "Society") are drawn up so as to present fairly, in all material respects, the state of affairs of the Society as at 31 July 2018, and the results, changes in funds and cash flows of the Society for the year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, has on the date of this statement, authorised the issue of the financial statements.

President	Mathew Mathews
Vice President	Chong Jack Sheng
Secretary	Leonard Oh Chia Ju
Treasurer	Tirumagal D/O Gopalakrishnan
Assistant Treasurer	Sim Hock Kee Clarence
Committee Member	Chan Poh Kheng, Alain
Committee Member	Lai Sock Le
Committee Member	Anil Sachdev S/O Danesh Kumar
Committee Member	Tan Koon San

For and on behalf of the Management Committee,



Mathew Mathews
President



Tirumagal D/O Gopalakrishnan
Treasurer

Singapore, 21 DEC 2018

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Independent auditor's report to the members of:

ALIVE COMMUNITY NETWORK
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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alive Community Network (the "Society"), which comprise the statement of financial position as at 31 July 2018, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provision of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 July 2018 and the results, changes in funds and cash flows of the Society for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Statement by the Management Committee but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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(CONT'D)

Independent auditor's report to the members of:

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

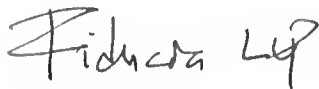
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act and the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that caused us to believe that during the year:

- (a) the Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Society has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



Fiducia LLP

Public Accountants and
Chartered Accountants

Singapore, 21 DEC 2018

Partner-in-charge: Looi Chee Bin
PAB No.: 01834

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2018

	Note	2018 S\$	2017 S\$
ASSETS			
Current assets			
Cash and cash equivalents	4	541,266	517,624
Other receivables	5	<u>192,651</u>	<u>118,541</u>
		733,917	636,165
Non-current asset			
Plant and equipment	6	<u>120,458</u>	<u>95,988</u>
Total assets		<u>854,375</u>	<u>732,153</u>
LIABILITIES			
Current liabilities			
Other payables	7	10,950	16,990
Deferred capital grant	8	11,823	7,433
Deferred income	9	<u>82,856</u>	<u>113,928</u>
		105,629	138,351
Non-current liability			
Deferred capital grant	8	<u>43,125</u>	<u>43,735</u>
Total liabilities		<u>148,754</u>	<u>182,086</u>
NET ASSETS		<u>705,621</u>	<u>550,067</u>
FUNDS			
Unrestricted fund			
Accumulated general fund	10.1	<u>723,898</u>	<u>558,131</u>
Restricted funds			
Enhanced step up programme fund	10.2	(8,715)	(8,852)
Care and share grant	10.3	0	0
Paint of love	10.4	<u>(9,562)</u>	<u>788</u>
		<u>(18,277)</u>	<u>(8,064)</u>
TOTAL FUNDS		<u>705,621</u>	<u>550,067</u>

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 JULY 2018**

	Note	2018			2017		
		Unrestricted fund S\$	Restricted funds S\$	Total Funds S\$	Unrestricted fund S\$	Restricted funds S\$	Total funds S\$
INCOME							
Income from generating funds	11	417,335	250	417,585	409,311	0	409,311
Income from charitable activities	11	0	175,210	175,210	1,725	264,991	266,716
Other income	11	49,991	0	49,991	99,849	0	99,849
Total income		467,326	175,460	642,786	510,885	264,991	775,876
EXPENDITURE							
Costs of generating funds	12	0	0	0	500	0	500
Costs of charitable activities	12	43,964	159,280	203,244	11,876	181,730	193,606
Governance and other administrative costs	12	257,595	26,393	283,988	218,986	29,068	248,054
Total expenditure		301,559	185,673	487,232	231,362	210,798	442,160
NET INCOME/(EXPENDITURE)		165,767	(10,213)	155,554	279,523	54,193	333,716
FUNDS BROUGHT FORWARD		558,131	(8,064)	550,067	252,215	(35,864)	216,351
TRANSFER OF FUNDS		0	0	0	26,393	(26,393)	0
FUNDS CARRIED FORWARD		723,898	(18,277)	705,621	558,131	(8,064)	550,067

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2018**

	Balance at beginning of financial year S\$	Net income/ (expenditure) for the year S\$	Transfer of funds S\$	Balance at end of financial year S\$
2018				
Unrestricted fund				
Accumulated general fund	558,131	165,767	0	723,898
Restricted funds				
Enhanced step up programme fund	(8,852)	137	0	(8,715)
Care and share grant	0	0	0	0
Paint of love	788	(10,350)	0	(9,562)
	(8,064)	(10,213)	0	(18,277)
	550,067	155,554	0	705,621
	Balance at beginning of financial year S\$	Net income for the year S\$	Transfer of funds S\$	Balance at end of financial year S\$
2017				
Unrestricted fund				
Accumulated general fund	252,215	279,523	26,393	558,131
Restricted funds				
Enhanced step up programme fund	(35,864)	27,012	0	(8,852)
Care and share grant	0	26,393	(26,393)	0
Paint of love	0	788	0	788
	(35,864)	54,193	(26,393)	(8,064)
	216,351	333,716	0	550,067

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

	Note	2018 S\$	2017 S\$
Cash flows from operating activities			
Net income for the financial year		155,554	333,716
Adjustments for:			
- Depreciation on plant and equipment	6	35,025	12,413
- Payable written back		0	(73,583)
Operating cash flow before working capital		190,579	272,546
Changes in working capital			
- Other receivables		(76,510)	3,228
- Other payables		(6,040)	811
- Deferred capital grant		3,780	51,168
- Deferred income		(31,072)	24,493
Net cash generated from operating activities		<u>80,737</u>	<u>352,246</u>
Cash flows from investing activities			
Purchase of plant and equipment	6	(59,495)	(105,968)
Amount due from a related party		2,400	1,399
Net cash used in investing activities		<u>(57,095)</u>	<u>(104,569)</u>
Net increase in cash and cash equivalents		23,642	247,677
Cash and cash equivalents at beginning of financial year		517,624	269,947
Cash and cash equivalents at end of financial year	4	<u>541,266</u>	<u>517,624</u>

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Alive Community Network ("the Society") is registered under the Societies Act (Chapter 311) and Charities Act (Chapter 37). The registered office of the Society is located at 10, Arumugam Road, #04-00 Lion Industries Building A, Singapore 409957.

The principal activities of the Society are to provide community services and tuition classes to needy individuals and families and members of the public.

The Society has been granted an Institution of a Public Character ("IPC") from 1 November 2017 until 31 October 2020.

In the accompanying notes to the financial statements, NCSS refers to "National Council of Social Service", and MSF refers to "Ministry of Social and Family Development".

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the disclosure requirements of the Societies Act and Charities Act. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollar ("S\$"), which is the Society's functional currency.

The preparation of these financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Interpretations and amendments to published standards effective in 2017

The Society has adopted the new or revised FRSs and Interpretations to FRSs (INT FRSs) that are mandatory for application from that date. Changes to the Society's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the accounting policies of Society and had no material effect on the amounts reported for the current or prior financial year.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.2 Standards issued but not yet effective

The Society has not adopted the following relevant new/revised FRSs, INT FRSs and amendments to FRSs that were issued but are not yet effective:

<u>FRS</u>	<u>Effective date</u>	<u>Title</u>
FRS 109	1.1.2018	Financial instruments
FRS 115	1.1.2018	Revenue from Contracts with Customers
FRS 116	1.1.2019	Leases

Except for FRS 109 and FRS 116, the managements expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of the initial application. The nature of the impending changes in accounting policy on adoption of the FRS109 and FRS116 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. The Society does not expect any significant impact to arise from the change.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on statement of position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The Society is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Society expects the adoption of the new standard will result in increase in total assets and total liabilities.

2.2 Income recognition

Income is recognised to the extent that it can be reliably measured and it is probable that the economic benefits will flow to the Society. Income is measured at fair value of the consideration received or receivable and is arrived at after deduction of trade discount.

2.2.1 Donations

Donations are taken up and accrued as and when they are committed. Uncommitted donations, income from charity events and all income except as listed below, are recognised on receipt basis.

2. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

2.2.2 Government grant

Government grants are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Society will comply with all the attached conditions.

When the government grants relates to an expense item, it is recognised in income or expenditure over the periods necessary to match them on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to income or expenditure over the expected useful life of the relevant asset by equal annual instalments.

2.2.3 Rental income

Rental income is recognised on a straight-line basis over the lease term.

2.2.4 Other income

Other income is recognised when received.

2.3 Expenditure recognition

All expenditure is accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 Cost of generating funds

Costs that are directly attributable to the fund-raising activities are separated from those costs incurred in undertaking charitable activities.

2.3.2 Cost of charitable activities

Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Society. The total costs of charitable expenditure are apportionment of overhead and shared costs.

2.3.3 Governance and administrative costs

Governance costs include the costs of governance arrangement, which relate to the general running of the Society, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2. Significant accounting policies (Cont'd)

2.4 Plant and equipment

2.4.1 Measurement

All plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment includes its purchase price and any cost that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

2.4.2 Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful life
Computers	1 year
Furniture and fittings	3 years
Musical equipment	3 years
Office equipment	3 years
Air-conditioners	3 years
Motor vehicles	10 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values and useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision of the residual values and useful lives are included in the statement of financial activities for the financial year in which the changes arise.

2.4.3 Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repairs and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

On disposal of an item of plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.5 Impairment of non-financial assets

Plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost of disposal and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

An impairment loss for an asset is reversed if; there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

2.6 Financial assets

2.6.1 Classification

The Society classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are classified within "Other receivables" and "Cash and cash equivalents" on the statement of financial position.

2.6.2 Recognition and derecognition

Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership. On disposal sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the statement of financial activities. Any amount in the fair value reserve relating to that asset is also taken to the statement of financial activities.

2.6.3 Measurement

Financial assets are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised cost using effective interest method.

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

2.6.4 Impairment

The Society assesses at each reporting date whether there is objective evidence that a financial asset or Society of financial assets is impaired.

An allowance for impairment of financial assets is recognised when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the undiscounted future cash flows that the Society expects to receive. The amount of the allowance for impairment is recognised in the statement of financial activities.

Subsequently, if the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the Society will reverse the previously recognised impairment loss. The reversal will not result in any carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of reversal is recognised in the statement of financial activities.

2.7 Other receivables

Other receivables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits with financial institution which are subject to an insignificant risk of change in value.

2.9 Financial liabilities

Financial liabilities are recognised when the Society becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Other payables" in statement of financial position.

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expire. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.10 Other payables

Other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2. Significant accounting policies (Cont'd)

2.11 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.12 Employee benefits

2.12.1 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contribution has been paid. The Society's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2.13 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to the statement of financial activities. Contingent rents are recognised as an expense in the statement of financial activities in the financial year in which they are incurred.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Critical judgements in applying the entity's accounting policies

The key critical judgements in applying the entity's accounting policies concerning the future at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3. Critical accounting estimates, assumptions and judgements (Cont'd)

3.2 Critical judgements in applying the entity's accounting policies (Cont'd)

3.2.1 Government grants

Government grants to meet operating expenses are recognised as income in the income and expenditure statement on the accrual basis in the year these operating expenses were incurred and there is reasonable assurance that the Society will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Society if the conditions are not met.

4. Cash and cash equivalents

	2018 S\$	2017 S\$
Cash at bank	540,840	517,243
Cash in hand	426	381
	<u>541,266</u>	<u>517,624</u>

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair value.

5. Other receivables

	2018 S\$	2017 S\$
Grant receivables		
- MSF	18,480	44,415
- NCSS	10,483	13,283
Amount due from a related party	4,800	7,200
Deposits	128,184	39,920
Prepayments	29,704	13,713
Others	1,000	10
	<u>192,651</u>	<u>118,541</u>

The amount due from a related party is non-trade, unsecured, interest-free and repayable on demand.

At the reporting date, the carrying amounts of other receivables approximated their fair value.

6. Plant and equipment

2018	Balance b/ f S\$	Additions S\$	Written off S\$	Balance c/ f S\$
Cost				
Computers	3,887	4,171	0	8,058
Furniture and fittings	2,065	6,601	(758)	7,908
Office equipment	208	41,820	0	42,028
Musical equipment	6,219	5,524	0	11,743
Motor vehicles	103,399	0	0	103,399
Air-conditioners	0	1,379	0	1,379
	<u>115,778</u>	<u>59,495</u>	<u>(758)</u>	<u>174,515</u>
Accumulated depreciation				
Computers	3,887	4,171	0	8,058
Furniture and fittings	2,065	2,200	(758)	3,507
Office equipment	208	13,940	0	14,148
Musical equipment	3,290	3,914	0	7,204
Motor vehicles	10,340	10,340	0	20,680
Air-conditioners	0	460	0	460
	<u>19,790</u>	<u>35,025</u>	<u>(758)</u>	<u>54,057</u>
Carrying amount				
Computers	0			0
Furniture and fittings	0			4,401
Office equipment	0			27,880
Musical equipment	2,929			4,539
Motor vehicles	93,059			82,719
Air-conditioners	0			919
	<u>95,988</u>			<u>120,458</u>
2017	Balance b/ f S\$	Additions S\$	Written off S\$	Balance c/ f S\$
Cost				
Computers	3,887	0	0	3,887
Furniture and fittings	2,065	0	0	2,065
Office equipment	208	0	0	208
Musical equipment	3,650	2,569	0	6,219
Motor vehicles	0	103,399	0	103,399
	<u>9,810</u>	<u>105,968</u>	<u>0</u>	<u>115,778</u>

6. Plant and equipment (Cont'd)

	Balance b/ f S\$	Depreciation charge S\$	Written off S\$	Balance c/ f S\$
2017 (Cont'd)				
Accumulated depreciation				
Computers	3,887	0	0	3,887
Furniture and fittings	2,065	0	0	2,065
Office equipment	208	0	0	208
Musical equipment	1,217	2,073	0	3,290
Motor vehicles	0	10,340	0	10,340
	<u>7,377</u>	<u>12,413</u>	<u>0</u>	<u>19,790</u>
	Balance b/ f S\$			Balance c/ f S\$
Carrying amount				
Computers	0			0
Furniture and fittings	0			0
Office equipment	0			0
Musical equipment	2,433			2,929
Motor vehicles	0			93,059
	<u>2,433</u>			<u>95,988</u>

During the financial year, depreciation was charged to the following funds:

	2018 S\$	2017 S\$
Unrestricted fund		
Accumulated general funds	17,814	4,980
Restricted fund		
Care and share grant	<u>17,211</u>	<u>7,433</u>
	<u>35,025</u>	<u>12,413</u>

7. Other payables

	2018 S\$	2017 S\$
Third parties	0	5,000
Accruals	<u>10,950</u>	<u>11,990</u>
	<u>10,950</u>	<u>16,990</u>

At the reporting date, the carrying amounts of other payables approximated their fair value.

8. Deferred capital grant

	Note	2018 S\$	2017 S\$
Balance at the beginning of the year		51,168	0
Reclassified from deferred income	9	20,991	58,601
Amortisation	11	<u>(17,211)</u>	<u>(7,433)</u>
Balance at end of the financial year		<u>54,948</u>	<u>51,168</u>
		2018 S\$	2017 S\$
Not later than one year		11,823	7,433
Later than one year but not later than five years		<u>43,125</u>	<u>43,735</u>
		<u>54,948</u>	<u>51,168</u>

The deferred capital fund accounts for the purchase of capital assets via utilisations of designated funds less accumulated amortisation which are matched to the depreciation charges of the corresponding equipment acquired using the funds.

9. Deferred income

	Note	2018 S\$	2017 S\$
Balance at the beginning of the year		113,928	89,435
Grants received during the year		33,993	139,527
Utilisation during the year:			
- Care and share grant	11	(44,074)	(56,433)
- Reclassified to deferred capital grant	8	<u>(20,991)</u>	<u>(58,601)</u>
Balance at the end of the year		<u>82,856</u>	<u>113,928</u>

This represents Care and Share grant received in advance from NCSS and the objectives are set out in Note 10.3.

10. Funds

10.1 Accumulated general funds

Accumulated general funds are expendable at the discretion of the Management Committee in furtherance of the Society's objects.

10.2 Enhanced step-up programme fund ("ESU")

Enhanced step-up is a school social work programme introduced to support out of school youths and at-risk children through casework, counselling, family intervention and life skills training.

10. Funds (Cont'd)

10.3 Care and share grant

The Care and share matching grant is a national fund-raising and volunteerism movement for the social service sector. It aims to bring the nation together to show care and concern for the less fortunate, to recognise the contributions made by voluntary welfare organisations (VWOs) and to invest in building capability in the social service sector to meet future needs of the community. The Society is a qualifying VWO under the Care and Share scheme.

The balance of the grant received in advance as at the report date is set out in Notes 9.

10.4 Paint of love

Paint of Love is an initiative of the Alive Community Network. This project is to improve the lives of low income households in Singapore by providing their homes a fresh coat of paint and help make small fixtures/ repair where possible. These improvements help families to live in better conditions and thus a better quality of life.

11. Income

2018		Unrestricted fund	Restricted funds				Total funds
Note		Accumulated general fund S\$	Enhanced step-up programme S\$	Care and share grant S\$	Paint of love S\$	Total restricted funds S\$	S\$
Income from generating funds							
14	Non tax deductible donations	343,335	0	0	0	0	343,335
	Tax deductible donations	71,840	0	0	250	250	72,090
	Marriage preparation programme	1,800	0	0	0	0	1,800
	NCSS Funds- Singtel sponsorship	360	0	0	0	0	360
		417,335	0	0	250	250	417,585
Income from charitable activities							
9	ESU MSF grants	0	96,285	0	0	96,285	96,285
	ESU Comchest grants	0	15,995	0	0	15,995	15,995
	Care and share grants	0	0	44,074	0	44,074	44,074
8	Community programme	0	0	0	0	0	0
	Deferred capital grant	0	0	0	0	17,211	17,211
14	NVPC grant	0	0	0	0	0	0
	Paint of love – Share as One grant	0	0	0	1,645	1,645	1,645
		0	112,280	61,285	1,645	175,210	175,210
Other income							
	Wage credit scheme	895	0	0	0	0	895
	Special employment credit	3,286	0	0	0	0	3,286
	Miscellaneous income	4	0	0	0	0	4
	Government paid leave	352	0	0	0	0	352
	Rental income	45,454	0	0	0	0	45,454
		49,991	0	0	0	0	49,991
Total income		467,326	112,280	61,285	1,895	175,460	642,786

11. Income (Cont'd)

2017	Note	Unrestricted fund	Restricted funds				Total Funds S\$
		Accumulated general fund S\$	Enhanced step-up programme S\$	Care and share grant S\$	Paint of love S\$	Total restricted funds S\$	
Income from generating funds							
Non tax deductible donations	14	337,937	0	0	0	0	337,937
Tax deductible donations		70,174	0	0	0	0	70,174
Marriage preparation programme		1,200	0	0	0	0	1,200
		409,311	0	0	0	0	409,311
Income from charitable activities							
ESU MSF grants		0	170,205	0	0	170,205	170,205
ESU Comchest grants		0	23,420	0	0	28,420	28,420
Care and share grants	9	0	0	56,433	0	56,433	56,433
Community programme		1,575	0	0	0	0	1,575
Deferred capital grant	8	0	0	7,433	0	7,433	7,433
NVPC grant		150	0	0	0	0	150
Paint of love - donations	14	0	0	0	2,500	2,500	2,500
		1,725	198,625	63,866	2,500	264,991	266,716
Other income							
Wage credit scheme		1,653	0	0	0	0	1,653
Special employment credit		3,838	0	0	0	0	3,838
Payable written off	15	73,583	0	0	0	0	73,583
Rental income		20,775	0	0	0	0	20,775
		99,849	0	0	0	0	99,849
Total income		510,885	198,625	63,866	2,500	264,991	775,876

12. Expenditure

	Note	Unrestricted fund	Enhanced step-up programme	Restricted funds			Total funds
		Accumulated general fund S\$	S\$	Care and share grant S\$	Paint of love S\$	Total restricted funds S\$	S\$
2018							
Cost of generating funds							
Instructor's fees		0	0	0	0	0	0
Cost of charitable activities							
Depreciation	6	17,814	0	17,211	0	17,211	35,025
General expenses		274	314	259	977	1,550	1,824
Insurance		4,202	0	201	1,637	1,838	6,040
Labour		0	7,900	0	3,840	11,740	11,740
Material		0	0	6,853	3,935	10,788	10,788
Musical instruments		0	0	0	0	0	0
Repair and maintenance		21,650	0	0	1,496	1,496	23,146
Staff salaries		0	84,382	0	0	84,382	84,382
Staff CPF		0	14,127	0	0	14,127	14,127
Staff bonus		0	4,940	0	0	4,940	4,940
Staff travelling expenses		24	291	0	315	606	630
Self-help groups contributions		0	189	0	0	189	189
Printing and stationery		0	0	0	45	45	45
Training		0	0	10,368	0	10,368	10,368
		43,964	112,143	34,892	12,245	159,280	203,244

12. Expenditure (Cont'd)

	Unrestricted fund	Enhanced step-up programme	Care and share grant	Restricted funds	Paint of love	Total restricted funds	Total funds
	Accumulated general fund	S\$	S\$	S\$	S\$	S\$	S\$
2018 (Cont'd)							
Governance and other administrative costs							
Audit fees	6,955	0	0	0	0	0	6,955
Bank charges	140	0	0	0	0	0	140
Legal and professional fees	3,953	0	0	0	0	0	3,953
General expenses	0	0	0	0	0	0	0
Professional fees	3,003	0	0	0	0	0	3,003
Rental of premises	173,973	0	0	0	0	0	173,973
Staff salaries	48,441	0	26,393	0	0	26,393	74,834
Staff CPF	12,664	0	0	0	0	0	12,664
Skill development levy	395	0	0	0	0	0	395
Utilities	8,071	0	0	0	0	0	8,071
	257,595	0	26,393	0	0	26,393	283,988
Total expenditures	301,559	112,143	61,285	12,245	185,673	487,232	

12. Expenditure (Cont'd)

	Note	Unrestricted fund	Enhanced step-up programme	Care and share grant	Restricted funds	Paint of love	Total restricted funds	Total funds
2017		Accumulated general fund S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost of generating funds								
Instructor's fees		500	0	0	0	0	0	500
Cost of charitable activities								
Depreciation	6	4,980	0	7,433	7,433	0	7,433	12,413
General expenses		275	379	0	579	200	779	854
Insurance		3,370	0	1,782	1,782	0	1,782	5,152
Labour		2,700	15,600	0	16,000	400	16,400	18,700
Material		0	16	0	196	196	212	212
Musical instruments		0	0	75	75	0	75	75
Repair and maintenance		350	0	1,250	1,629	379	1,629	1,979
Staff salaries		0	129,453	0	129,453	0	129,453	129,453
Staff CPF		0	20,217	0	20,217	0	20,217	20,217
Staff bonus		0	1,338	0	1,338	0	1,338	1,338
Staff travelling expenses		149	1,671	0	1,708	37	1,708	1,857
Self-help groups contributions		0	264	0	264	0	264	264
Printing and stationery		52	0	0	500	500	500	552
Training		0	0	540	540	0	540	540
		11,876	168,938	11,080	181,730	1,712	181,730	193,606

12. Expenditure (Cont'd)

	Unrestricted fund	Enhanced step-up programme	Care and share grant	Paint of love	Total restricted funds	Total funds
	Accumulated general fund	S\$	S\$	S\$	S\$	S\$
2017 (Cont'd)						
Governance and other administrative costs						
Audit fees	4,815	2,675	0	0	2,675	7,490
Bank charges	105	0	0	0	0	105
Legal and professional fees	623	0	0	0	0	623
General expenses	10	0	0	0	0	10
Professional fees	13,570	0	0	0	0	13,570
Rental of premises	172,023	0	0	0	0	172,023
Staff salaries	12,832	0	26,393	0	26,393	39,225
Staff CPF	6,670	0	0	0	0	6,670
Skill development levy	428	0	0	0	0	428
Utilities	7,910	0	0	0	0	7,910
	<u>218,986</u>	<u>2,675</u>	<u>26,393</u>	<u>0</u>	<u>29,068</u>	<u>248,054</u>
Total expenditures	<u>231,362</u>	<u>171,613</u>	<u>37,473</u>	<u>1,712</u>	<u>210,798</u>	<u>442,160</u>

13. Income tax

The Society is a registered charity organisation since 19 August 2004. As such, it is exempt from income tax under Section 13(1) (zm) of the Income Tax Act.

14. Tax-exempt receipts

The Society is a member of NCSS and an IPC. Tax-exempt receipts issued for donations received during the year as follows:

	Note	2018 S\$	2017 S\$
Income from generating funds			
- Tax deductible donations	11	72,090	70,174
Income from charitable activities			
- Paint of love	11	1,645	2,500
		<u>73,735</u>	<u>72,674</u>

15. Related party transactions

The Society has significant related party transactions as follows, on terms agreed between the parties:

	Note	2018 S\$	2017 S\$
With entity with common management committee			
Donation received		343,114	289,801
Other income			
- Payables written off	11	0	73,583
Rental income		<u>33,429</u>	<u>7,200</u>

Key management personnel are that staffs who has the authority and responsibility for planning, directing and controlling the activities of the Society, directly and indirectly. The remuneration received during the year is as follows:

	2018 S\$	2017 S\$
Short-term employment benefit		
- Salaries, bonuses and others	24,000	24,000
Post-employment benefit		
- Contributions to CPF	<u>4,080</u>	<u>4,080</u>

In 2018 and 2017, none of the key management personnel or management committee received an annual remuneration more than S\$100,000.

Members of the management committee are volunteers and none received any remuneration or reimbursements during 2018 and 2017.

16. Operating lease commitments

Future minimum of the lease rental payables under the non-cancellable operating leases as at financial year end but not recognised as payables, are as follows:

	2018 S\$	2017 S\$
Within one year	356,456	69,497
More than one year and less than five years	594,094	0
	<u>950,550</u>	<u>69,497</u>

17. Financial risk management

The Society is exposed to financial risks arising from its activities and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The Management Committee reviews and agrees policies and procedures for the management of these risks, which are executed by the committee.

The Society has limited exposure to the following risk through its activities:

17.1 Credit risk

Credit risk is the potential financial loss resulting from the counter party defaulting on its contractual obligations to the Society. The Society has no significant concentrations of credit risk.

The Society's exposure to credit risk arises primarily from receivables which are mainly grants receivable from government bodies. Thus, at the balance sheet date, the credit risk is assessed to be low.

Credit risk on liquid funds is limited because the counterparty is a bank with high credit rating assigned by international credit agencies.

17.2 Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its financial obligations due to shortage of funds. The Society's exposure to liquidity risk arises primarily from mis-matches of the maturities of financial assets or liabilities.

Management monitors and ensures that the Society maintains a level of cash and cash equivalents deemed adequate to finance the Society's activities.

The table below summarises the maturity profile of the Society's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

17. Financial risk management (Cont'd)

17.2 Liquidity risk (Cont'd)

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2018			
Financial assets			
Loans and receivables			
- Cash and cash equivalents	541,266	0	541,266
- Other receivables, excluding prepayments	162,947	0	162,947
	<u>704,213</u>	<u>0</u>	<u>704,213</u>
Financial liabilities measured at amortised cost			
Other payables	(10,950)	0	(10,950)
	<u>693,263</u>	<u>0</u>	<u>693,263</u>
2017			
Financial assets			
Loans and receivables			
- Cash and cash equivalents	517,624	0	517,624
- Other receivables, excluding prepayments	104,828	0	104,828
	<u>622,452</u>	<u>0</u>	<u>622,452</u>
Financial liabilities measured at amortised cost			
Other payables	(16,990)	0	(16,990)
	<u>605,462</u>	<u>0</u>	<u>605,462</u>

17.3 Fair values

As at 31 July 2018, the carrying amounts of the financial assets and liabilities recorded in the financial statements of the Society approximate their fair values due to their short-term nature.

18. Fund management

The primary objective of the Society is to ensure it maintains sufficient cash in order to support its activities. Its approach to management of funds is to balance the allocation of cash and the incurrence of debt. Available cash is deployed primarily to cover operational requirements.

19. Reserve position and policy

The Society's reserves position for financial year ended 31 July 2018 and 31 July 2017 are as follows:

		2018	2017	Increase/ (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted funds			
	Accumulated surplus	724	558	29.75
B	Restricted or designated funds			
	Restricted funds	(18)	(8)	125
C	Endowment fund	0	0	
D	Total funds	706	550	28.36
E	Total annual operating expenditure	474	442	7.24
F	Ratio of funds to annual operating expenditure (A/E)	1.49	1.26	

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a society to spend as grants.
- D. Total funds include unrestricted, restricted / designated and endowment funds.
- E. Total annual operating expenditure includes expenses related to cost of charitable activities and governance and other operating and administration expenditure.

The Society's reserve policy is as follows:

The Society desires to build up reserves to meet up to one years' of operating expenditure.

20. Management of conflict of interest

There are no paid staffs in the Society's Management Committee Members.

Management Committee Members are required to disclose any interest that they may have, whether directly or indirectly, that the Society may enter into or in any organisations that the Society has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Society's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Society Management Committee Members may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

21. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee of the Society on **21 DEC 2018**

